

Old Age, Disability, Death

First law: 1941 (employees' pension insurance).

Current laws: 1944 (employees' pension insurance), 1959 (national pension program), and 1985.

Two-tiered system: first tier—national pension program (flat-rate) for all residents; second tier—employees' pension insurance or other employment-related programs (earnings related).

Type of program: Social insurance system.

Provisions and rates as of April 1, 1999, unless noted otherwise.

Exchange rate: U.S.\$1.00 equals 121.25 yen.

Coverage

National pension program: Residents aged 20-59. Voluntary coverage for residents aged 60-64 (aged 65-69 in special cases) and for citizens residing abroad (aged 20-64).

Employees' pension insurance: Employees of firms in industry and commerce, including seamen. (Contracting-out from employee pension insurance allowed if corporate plan provides equivalent or higher benefits.)

Other employment-related programs include special systems for public employees, private school teachers and employees, and employees of agricultural, forestry, and fishery cooperative associations.

Source of Funds

National pension program—Insured person: Employed persons and their dependent spouses, included in employee contribution to employment-related programs.

Other insured persons: 13,300 yen a month (from April 1, 1998), plus optional 400 yen per month for supplemental benefits.

Employer: Included in employer contribution to employment-related programs.

Government: 33-1/3% of benefit costs, plus administrative costs.

Employees' pension insurance—Insured person: 8.675% of earnings according to 30 wage classes. Miners and seamen, 9.575%. Added special premium: 0.5% of bonuses. If contracted out, 8.145%-8.175% of earnings.

Employer: Same as for insured persons.

Government: Cost of administration.

Maximum earnings for contribution and benefit purposes: 590,000 yen a month; minimum, 92,000 yen.

Qualifying Conditions

National pension program—Old-age basic pension: Age 65, and 25 years' contribution (including for dependent spouse of employee, years of own coverage plus years married to an employee who is covered by any employment-related programs). Pension payable at age 60-64 with actuarial reduction. Pension increased if first paid at age 66 or later.

Disability basic pension: For Class I, total disability requiring constant attendance; for Class II, disability severely restricting ability in daily living.

Contributions paid or credited during 2/3 of period between age 20 and disability onset.

Survivor basic pension: Deceased was pensioner at death, or was covered at time of death and had contributions paid or credited during 2/3 of period between age 20 and death.

Employees' pension insurance—Old-age employees pension: Age 60, or 55 (seamen, and miners); 25 years of coverage, including years covered by National Pension program.

Disability employees pension: For Class I and II, same as under national pension program; For an additional Class III, incapacity less severe than Class II.

Survivor employees pension: Deceased was insured worker or pensioner (old-age or disability) at time of death.

Old-Age Benefits

National pension program—Old-age basic pension: If fully insured (480 months of contributions), 804,200 yen a year, plus 200 yen for each contribution month if voluntary member.

Benefit actuarially reduced for initial entitlement at ages 60-64 or increased for age 66 or older.

Employees' pension insurance—Old-age employees pension: 0.75% of indexed monthly wages multiplied by the number of months of coverage. Age 60-64: insured receives an added 1,625 yen a month of for each month of coverage.

Age 60-64 pension reduced for continued employment (pension reduced 20% if combined total of monthly wage and 80% of pension is under 220,000 yen; if combined total is 220,000-340,000 yen, pension reduced by 1 yen for every 2 yen earned; if combined total exceeds 340,000 a month, pension is reduced by 100% of wages over 340,000 yen).

Dependents' supplements: 231,400 yen a year for spouse, 231,400 yen a year each for 1st and 2nd child, 77,100 yen for each additional child (up to the end of the fiscal year the child reaches age 18 or 20 if disabled).

Adjustment: Automatic annual cost-of-living adjustment for both pension programs.

Permanent Disability Benefits

National pension program—Disability basic pension: According to degree of disability: Class I, 1,005,300 yen a year; and Class II, 804,200 yen.

Dependents' supplements: 231,400 yen a year each for 1st and 2nd child; 77,100 yen for each subsequent child (up to the end of the fiscal year in which the child reaches age 18, or 20 if disabled).

Employees' pension insurance—Disability employees pension: Class I, 125% of old-age pension plus additional benefits for dependents; Class II, 100% plus additional benefits for dependents; and Class III, 100%, with a minimum benefit of 603,100 yen a year. Lump-sum grant: 200% of old-age pension payable.

Minimum grant: 1,170,000 yen.

Dependents' supplements: Same as under old-age pension, payable to Class I and Class II disability only.

Adjustment: Automatic annual cost-of-living adjustment for both pension programs.

Survivor Benefits

National pension program—Survivor basic pension: For widow, 804,200 yen a year. For orphans, see dependents' supplements under old-age pension above.

Full orphans, same as for widow plus dependents' supplements, divided among the eligible orphans.

Lump-sum grant: 120,000-320,000 yen, according to periods of paid contributions.

Employees' pension insurance—Survivor employees pension: 75% of pension payable to insured worker.

Eligible survivors (in descending order of priority): Spouse (age 35 or over), orphans (up to the end of the fiscal year the child reaches age 18 or 20 if disabled), parents (aged 55 or over), grandchildren (up to the end of the fiscal year the child reaches age 18 or 20 if disabled), or grandparents (aged 55 or over).

Dependents' supplements: Same as dependents' supplements under old-age pension. If no children, 603,100 yen supplement a year for widow between ages 40-65, if aged 35 or over at time of death of insured.

Adjustment: Automatic annual cost-of-living adjustment for both pension programs.

Administrative Organization

Pension Bureau of the Ministry of Health and Welfare, general supervision of both programs. Social Insurance Agency, national administration; insurance divisions of prefecture welfare departments and social insurance branch offices, local administration of contributions and benefits for both programs.

Sickness and Maternity

First laws: 1922 (health insurance; implementation delayed until 1927) and 1938 (national health insurance).

Current laws: 1958 and 1998 (national health insurance); and 1994 and 1997 (health insurance).

Type of program: Dual social insurance systems. National Health Insurance provides medical benefits, Employees Health Insurance provides cash and medical benefits.

Coverage

National health insurance: All residents not under employment-related health insurance or special schemes are covered under local government (i.e., municipality, township, or village) programs. Special National Health Insurance societies provide coverage for the self-employed.

Employee health insurance: Employees of firms in industry and commerce with five or more employees (government-managed programs, unless member of health insurance society). Voluntary coverage for other employees.

Special systems for persons aged 70 and over, seamen, private school teachers, and public employees.

Source of Funds

National health insurance—Insured person: National health tax or premium fixed by individual carrier according to individual and household income and assets, not to exceed 530,000 yen a year per household. 1997 average annual contribution: 80,202 yen per insured person, and 166,608 yen per household. Insurers of municipality-run programs may reduce premiums by 30%-70% for qualifying low-income residents or households; other insurers may allow a 20% premium reduction.

Employer: None.

Government: 50% of medical care costs, cost of administration, and some local subsidies.

Employee health insurance—Insured person: 4.25% of basic monthly wage (average 3.658% in 1996, if insurance society), according to 40 wage classes. Special premium: 0.3% of bonuses.

Employer: 4.25% of basic monthly wage (average 4.736% in 1996, if managed by health insurance societies). Special premium: 0.5% of bonuses of insured.

Government: 13.0% of benefit costs (none, if managed by health insurance societies), 16.4% of costs for health care for the aged (none, if managed by health insurance societies), and cost of administration (partially, if managed by health insurance societies). Maximum basic wage for contribution and benefit purposes: 980,000 yen a month; minimum, 92,000 yen a month.

Qualifying Conditions

National health insurance—Medical benefits: Residence in municipality, township, or village.

Employee health insurance—Cash sickness, maternity and medical benefits: Covered employment.

Sickness and maternity benefits continued for normal duration if beneficiary leaving employment was in covered employment during last 12 months; medical care for same beneficiary provided up to five years from the initial date of treatment.

Sickness and Maternity Benefits

National health insurance—No cash benefits provided by law, but all carriers provide lump-sum grant.

Employee health insurance—Sickness benefit: 60% of average daily basic wage, according to wage class.

Payable after 3-day waiting period for up to 1 year and 6 months or determination of disability. Health Insurance societies may provide more liberal benefits.

Maternity benefit: 60% of average daily basic wage for 42 days before (98 days in case of multiple birth) and 56 days after confinement. Payment discontinued or reduced partially if receiving wage or cash sickness benefit. Also, lump-sum birth grant of 300,000 yen.

Workers' Medical Benefits

Medical benefits (National health insurance and Employee health insurance): Medical care—usually provided by clinics, hospitals, and druggists under contract with and paid by carrier. (Some carriers provide services directly through own clinics and hospitals.) Includes medical treatment, surgery, hospitalization, nursing, dental care, maternity care (difficult childbirth only), and medicines.

National health insurance: Insured pays 30% of cost of all care; maximum, 63,600 yen a month for the same illness (35,400 yen if low-income family). Duration: No limit. Inpatient also pays 760 yen per day (if low-income family, 650 yen a day up to 90 days and 500 yen thereafter) for part of food expenses.

Special provisions for aged 70 and older, or aged 65-70 if bedridden. Inpatient pays for part cost of food expenses at 760 yen a day; 650 yen a day for qualified low-income aged and 500 yen a day when hospitalization exceeds 90 days; 300 yen per day and no co-payment for hospitalization beyond 2 months for old-age welfare pension recipients.

Employee health insurance: Insured pays 20% of cost of all care. Maximum, 63,600 yen a month for the same illness (35,400 yen if low-income family; 37,200 yen after paying monthly maximum for

3 times in last 12 months; 24,600 yen if low-income family).
Duration: No limit. Inpatient also pays for part of food expenses at 760 yen per day (if low-income family, 600 yen per day up to 90 days and 500 yen per day thereafter).

Dependents' Medical Benefits

National health insurance—Medical benefits for dependents: Same as for insured.

Employee health insurance—Medical benefits for dependents: Same as for insured, but with patient paying 30% of cost (20% if inpatient) up to 63,600 yen a month.

Funeral grant: 100,000 yen.

Administrative Organization

Health Insurance Bureau of the Ministry of Health and Welfare, supervision of both programs.

National health insurance: Local administration mainly by municipal health funds set up by each town. National health insurance societies, program administration for the insured, including the self-employed.

Employee health insurance: For Government-managed programs, Social Insurance Agency, national administration. Insurance divisions of prefecture departments and social insurance offices, local administration. For society-managed program, Insurance divisions of prefecture departments and 1,813 health insurance societies, local administration for affiliated workers; if limited to 1 enterprise, society fixes and administers own contributions and benefits.

Work Injury

First law: 1911.

Current law: 1947, 1980, 1986, and 1995.

Type of program: Compulsory social insurance.

Coverage

Employees of all firms in industry and commerce not included under voluntary coverage or special systems below.

Voluntary coverage for employees in agricultural, forestry, and fishery establishments with less than 5 workers.

Special systems for seamen and public employees.

Source of Funds

Insured person: None.

Employer: 0.6% to 13.4% of payroll, according to 3-year accident rate.

Government: Subsidies within limit of national budget.

Qualifying Conditions

Work-injury benefits: No minimum qualifying period.

Temporary Disability Benefits

Temporary disability benefit: After 3-day waiting period, 60% of average daily wage until recovery up to the first 18 months (employer pays 60% of average daily wage for first 3 days), together with a temporary disability supplement equal to 20% of average daily wage. Minimum benefit, 4,340 yen a day. Beginning with 19th month, the less severely disabled continues to receive the same level

of compensation for lost wages while undergoing necessary treatment; the more severely disabled receives instead the Injury and Disease Compensation Pension (equal to 100% of average daily wage multiplied by 245-313 days annually until recovery, varying with degree of disability), plus special supplement based on the worker's annual bonus.

Adjustment: Automatic annual adjustment for wage changes.

Permanent Disability Benefits

Permanent disability pension: Average daily wage multiplied by 131-313 days annually, varying with degree of disability, for the seriously (grades 1-7) disabled.

Permanent disability benefit for the less seriously disabled (grades 8-14): a lump-sum benefit equal to the average daily wage multiplied by 56-503 days' wages varying with the degree of disability.

Constant-attendance allowance (grades 1-2): 102,100 yen per month if requiring full-time care; 53,550 yen per month if part-time care (58,150 yen or 29,080 yen, respectively, if care provided by family members).

Workers' Medical Benefits

Medical benefits: Medical treatment, surgery, hospitalization, nursing, dental care, medicines, appliances, and transportation.

Survivor Benefits

Survivor pension: Equal to average daily wage multiplied by 153-245 days annually, according to number of survivors.

Eligible survivors: Widowed spouse, children, parents, grandparents, grandchildren, and dependent brothers and sisters (except for widow, all must meet specified age or disability requirements).

Lump sum (if no survivors qualify for pension): Average daily wage multiplied by 1,000 days, payable to non-dependent survivors.

Funeral grant: 305,000 yen plus 30 day's wages, or 60 days' wages, whichever is greater.

Administrative Organization

Ministry of Labor, general supervision and administration. The Division of Worker's Compensation within the Ministry's Bureau of Labor Standards, administration of the program through prefecture labor standards offices and their local labor standards inspection offices.

Unemployment

First law: 1947.

Current law: 1975 and 1998.

Type of program: Social insurance system.

Provisions of the 1998 law not readily available; information presented here as of January 1999.

Coverage

Enterprise employees under age 65. Voluntary coverage for employees in agriculture, forestry and fisheries with less than 5 regular employees.

Exclusions: Seasonal workers whose term of employment is 4 months or less.

Special systems for day laborers, seamen, and public employees.

Source of Funds

Insured person: 0.55% of earnings (0.65% for agricultural, forestry or fishery industry or construction workers, respectively).

Employer: 0.9% of payroll (1.0%-1.1% for agricultural, forestry or fishery industry or construction workers, respectively).

Government: 25% of benefit costs, and 14% of cost of administration (subject to change).

Qualifying Conditions

Unemployment benefit: 6 months of insurance during last 12 months (or 1 year of insurance during last 2 years for part-time workers).

Must be registered with public employment security office, capable of and willing to work, and reporting every 4 weeks.

Unemployment not due to voluntary leaving, serious misconduct, refusal of suitable offer, or non-attendance at recommended training (disqualification for 1-3 months).

Unemployment Benefits

Unemployment benefit: 60% to 80% of daily wages (higher percentage to lower earners); 50%-80%, if aged 60-64. Minimum, 3,260 yen (2,610 yen for short-term workers) a day; maximum, 10,900 yen.

Payable after 7-day waiting period for 90 to 300 days, according to length of insurance, age, employment prospects, and so forth.

Examples: (1) 90 days if insurance coverage less than 1 year; (2) 240 days if insurance coverage 1 year or more but under age 45 and hard-to-employ (180 days if short-term workers); and (3) 300 days if age 45-65 (210 days, if short-term workers).

Extended (30 to 90) days of benefits payable if discharged from depressed industries, suffering from physical or mental illness and/or undergoing skills acquisition.

Special daily or monthly allowances for vocational training, transportation, moving and lodging expenses while in training, seeking employment outside of immediate commuting area, and other costs.

Employment fund also pays 20%-25% of average daily wage to one of two working parents for caring the newborn, up to 1 year.

Government subsidies to employers to avoid laying off employees, for hiring hard-to-employed aged, and other measures to reduce unemployment.

Administrative Organization

Ministry of Labor, general supervision.

Employment Security Bureau in Ministry, national administration of program.

Employment insurance sections of prefecture labor departments and public employment security offices, local administration and collection of contributions.

Family Allowances

First law: 1971 (children's allowance).

Current laws: 1981, 1985, 1991 and 1994.

Type of program: Dual employer liability and assistance systems.

Coverage

Residents with 1 or more children: child under age 3.

Source of Funds

Insured person: None.

Employer: 70% of cost (about 0.11% of wages).

Government: With respect to employees—national treasury, 20% of cost; prefecture, 5%; city or town, 5%.

With respect to self-employed and unemployed—national treasury, 66.6%; prefecture, about 16.7%; city or town, about 16.7%.

Qualifying Conditions

Family allowances: Resident's income must be less than 3,811,000 yen in previous year for family of four. Special allowances for employees and public employees with income less than 6,206,000 yen for a family of four.

Family Allowance Benefits

Family allowances: 5,000 yen a month for first and second child, and 10,000 yen a month for each subsequent child.

Administrative Organization

Ministry of Health and Welfare, supervision through Children and Families Bureau.

Insurance division of prefecture welfare department and social insurance offices, collection of contributions.

City or town, granting of allowances.